



January 28, 2005

HOUSE BILL No. 1629

DIGEST OF HB 1629 (Updated January 26, 2005 6:20 pm - DI 73)

Citations Affected: IC 6-1.1; noncode.

Synopsis: Biennial budget of a political subdivision. Allows a political subdivision to adopt a one year budget or a two year budget.

Effective: July 1, 2005.

Stevenson, Ayres

January 19, 2005, read first time and referred to Committee on Local Government.
January 27, 2005, reported — Do Pass.

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HB 1629—LS 7403/DI 52+



January 28, 2005

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

HOUSE BILL No. 1629

A BILL FOR AN ACT to amend the Indiana Code concerning local government.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-1.1-1-1.2 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2005]: **Sec. 1.2. "Annual budget" means a budget prepared in a**
4 **calendar year for the next succeeding calendar year.**
- 5 SECTION 2. IC 6-1.1-1-3.5 IS ADDED TO THE INDIANA CODE
6 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
7 1, 2005]: **Sec. 3.5. "Biennial budget" means a budget prepared in**
8 **a calendar year for the next two (2) succeeding calendar years.**
- 9 SECTION 3. IC 6-1.1-17-2 IS AMENDED TO READ AS
10 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. **(a) Except as**
11 **provided in subsection (b),** when formulating an annual budget
12 estimate **or a biennial budget estimate,** the proper officers of a
13 political subdivision shall prepare an estimate of the amount of revenue
14 ~~which that~~ the political subdivision will receive from the state for and
15 during the budget year **or years** for which the budget is being
16 formulated. These estimated revenues shall be shown in the budget
17 estimate and shall be taken into consideration in calculating the tax

HB 1629—LS 7403/DI 52+



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levy which is to be made for the ensuing calendar year. ~~However, this section~~

(b) The estimate under subsection (a) does not apply to include funds to be received from the state or the federal government for:

- (1) ~~poor relief; township assistance;~~
- (2) unemployment relief;
- (3) old age pensions; or
- (4) other funds which may at any time be made available under "The Economic Security Act" or under any other a federal act which that provides for civil and public works projects.

SECTION 4. IC 6-1.1-17-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 3. (a) The proper officers of a political subdivision shall formulate: its

- (1) the estimated annual budget or biennial budget for the political subdivision; and its**
- (2) the proposed tax rate and tax levy for the ensuing calendar year on the form prescribed by the department of local government finance and approved by the state board of accounts.**

(b) The political subdivision shall give notice by publication to taxpayers of:

- (1) the estimated annual budget or biennial budget;**
- (2) for the ensuing calendar year:**
 - ~~(2) (A) the estimated maximum permissible levy;~~
 - ~~(3) (B) the current and proposed tax levies of each fund; and~~
 - ~~(4) (C) the amounts of excessive levy appeals to be requested;~~
 - and**
 - (3) the current tax levies for each fund.**

(c) In the notice under subsection (b), the political subdivision shall also state the time and place at which a public hearing will be held. ~~on these items. Except as provided in subsection (d), the items referred to in subsection (b)(1) and (b)(2) are the subjects of the public hearing.~~

(d) If:

- (1) the ensuing calendar year is the second year of a biennial budget; and**
- (2) the political subdivision does not propose any change for the second year of the biennial budget from the biennial budget as originally approved;**

the biennial budget is not a subject of the public hearing under subsection (c).

(e) The notice of the public hearing shall be published twice in accordance with IC 5-3-1 with the first publication at least ten (10)

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days before the date fixed for the public hearing.

~~(b)~~ (f) The board of directors of a solid waste management district established under IC 13-21 or IC 13-9.5-2 (before its repeal) may conduct the public hearing required under subsection ~~(a)~~: (c):

- (1) in any county of the solid waste management district; and
- (2) in accordance with the annual notice of meetings published under IC 13-21-5-2.

~~(c)~~ (g) The trustee of each township in the county shall estimate the amount necessary to meet the cost of ~~poor relief township assistance~~ in the township for:

- (1) the ensuing calendar year **if the township proposes an annual budget; or**
- (2) **the ensuing calendar year and the next succeeding calendar year if the township proposes a biennial budget.**

The township board shall adopt ~~with the township budget each calendar year~~ a tax rate sufficient to meet the estimated cost of ~~poor relief township assistance in the ensuing calendar year~~. The taxes collected as a result of the tax rate adopted under this subsection are credited to the township ~~poor relief assistance~~ fund.

SECTION 5. IC 6-1.1-17-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5. (a) The officers of political subdivisions shall meet each year to fix the ~~budget~~, tax rate and tax levy of their respective subdivisions for the ensuing budget year. **If the budget for the ensuing year is:**

- (1) **not part of a biennial budget, the officers shall at the same time fix the annual budget for the ensuing budget year;**
- (2) **the first year of a biennial budget, the officers shall at the same time fix the biennial budget; or**
- (3) **the second year of a biennial budget, the officers shall at the same time:**

(A) **determine to make no budget changes for the second year of the biennial budget; or**

(B) **determine to make budget changes for the ensuing budget year and:**

- (i) **fix an annual budget for the ensuing calendar year; or**
- (ii) **fix a biennial budget for the ensuing calendar year and the next succeeding budget year.**

(b) **The meetings under subsection (a) must be held as follows:**

- (1) The fiscal body of a consolidated city and county, not later than the last meeting of the fiscal body in September.
- (2) The fiscal body of a second class city, not later than September 30.

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(3) The board of school trustees of a school corporation that is located in a city having a population of more than one hundred five thousand (105,000) but less than one hundred twenty thousand (120,000), not later than:

(A) the time required in section 5.6(b) of this chapter; or

(B) September 20 if a resolution adopted under section 5.6(d) of this chapter is in effect.

(4) The proper officers of all other political subdivisions, not later than September 20.

~~Except in a consolidated city and county and in a second class city,~~

(c) The public hearing required by section 3 of this chapter must be completed at least ten (10) days before the proper officers of the political subdivision meet to fix the budget, tax rate, and tax levy. **as required by subsection (a).** In a consolidated city and county and in a second class city, that public hearing, by any committee or by the entire fiscal body, may be held at any time after introduction of the budget.

~~(b)~~ **(d)** Ten (10) or more taxpayers may object to a budget, tax rate, or tax levy of a political subdivision fixed under subsection (a) by filing an objection petition with the proper officers of the political subdivision not more than seven (7) days after the hearing. The objection petition must specifically identify the provisions of the budget, tax rate, and tax levy to which the taxpayers object. **Taxpayers may not object under this subsection to the budget of a political subdivision for the second year of a biennial budget if the officers of the political subdivision determine under subsection (a) to make no budget changes for the second year of the biennial budget.**

~~(c)~~ **(e)** If a petition is filed under subsection ~~(b)~~; **(d)**, the fiscal body of the political subdivision shall adopt with its budget a finding concerning the objections in the petition and any testimony presented at the adoption hearing.

~~(d)~~ **(f)** This subsection does not apply to a school corporation. Each year at least two (2) days before the first meeting of the county board of tax adjustment held under IC 6-1.1-29-4, a political subdivision shall file with the county auditor:

(1) a statement of the tax rate and levy fixed by the political subdivision for the ensuing budget year;

(2) **if the ensuing budget year is not the second year of a biennial budget for which the fiscal body has determined under subsection (a) to make no budget changes, two (2) copies of the:**

(A) annual budget; or

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(B) biennial budget;

adopted by the political subdivision ~~for that applies to the~~
ensuing budget year; and

(3) two (2) copies of any findings adopted under subsection ~~(c)~~
(e).

Each year the county auditor shall present these items to the county
board of tax adjustment at the board's first meeting.

~~(c)~~ **(g)** In a consolidated city and county and in a second class city,
the clerk of the fiscal body shall, notwithstanding subsection ~~(d)~~; **(f)**,
file the adopted **annual budget or biennial budget** and tax ordinances
with the county board of tax adjustment ~~within not later than~~ two (2)
days after:

(1) the ordinances are signed by the executive; or ~~within two (2)~~
~~days after~~

(2) action is taken by the fiscal body to override a veto of the
ordinances;

whichever is later.

~~(f)~~ If a fiscal body does not fix the budget, tax rate, and tax levy of
the political subdivisions for the ensuing budget year as required under
~~this section~~; **(h)** The most recent annual appropriations and annual tax
levy are continued for the ensuing budget year **if:**

(1) the fiscal body does not fix the tax rate and tax levy of the
political subdivision for the ensuing budget year; or

(2) the:

(A) ensuing budget year is not the second year of a biennial
budget for which the fiscal body has determined under
subsection (a) to make no budget changes; and

(B) the fiscal body does not fix the budget of the political
subdivision for the ensuing budget year as required by this
section.

SECTION 6. IC 6-1.1-17-5.6 IS AMENDED TO READ AS
FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5.6. (a) This section
applies only to a school corporation that is located in a city having a
population of more than one hundred five thousand (105,000) but less
than one hundred twenty thousand (120,000).

(b) Before February 1 of each year, the officers of the school
corporation shall meet to:

(1) fix the budget for the school corporation for the ensuing
budget year; **or**

(2) determine not to change the budget for the second year of
a biennial budget;

as required under section 5 of this chapter, with notice given by the

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1 same officers. ~~However,~~ If a resolution adopted under subsection (d)
 2 is in effect, the officers shall meet ~~to fix the budget for the ensuing~~
 3 ~~budget year for the purposes of this subsection~~ before September 20.

4 (c) Each year, at least two (2) days before the first meeting of the
 5 county board of tax adjustment held under IC 6-1.1-29-4, the school
 6 corporation shall file with the county auditor:

7 (1) a statement of the tax rate and tax levy fixed by the school
 8 corporation for the ensuing budget year;

9 (2) ~~if the ensuing budget year is not the second year of a~~
 10 ~~biennial budget for which the fiscal body has determined not~~
 11 ~~to change the budget,~~ two (2) copies of the:

12 (A) annual budget; or

13 (B) biennial budget;

14 adopted by the school corporation ~~for that applies to~~ the ensuing
 15 budget year; and

16 (3) any written notification from the department of local
 17 government finance under section 16(i) of this chapter that
 18 specifies a proposed revision, reduction, or increase in the:

19 (A) annual budget; or

20 (B) biennial budget;

21 adopted by the school corporation ~~for that applies to~~ the ensuing
 22 budget year.

23 Each year the county auditor shall present ~~these~~ items **referred to in**
 24 **subdivisions (1) through (3)** to the county board of tax adjustment at
 25 the board's first meeting.

26 (d) The governing body of the school corporation may adopt a
 27 resolution to cease using a school year budget year and return to using
 28 a calendar year budget year **for the school corporation's annual**
 29 **budget or biennial budget.** A resolution adopted under this subsection
 30 must be adopted after January 1 and before July 1. The school
 31 corporation's initial calendar year budget year following the adoption
 32 of a resolution under this subsection begins on January 1 of the year
 33 following the year the resolution is adopted. The first six (6) months of
 34 the initial calendar year budget for the school corporation must be
 35 consistent with the last six (6) months of the final school year budget
 36 fixed by the department of local government finance before the
 37 adoption of a resolution under this subsection.

38 (e) A resolution adopted under subsection (d) may be rescinded by
 39 a subsequent resolution adopted by the governing body. If the
 40 governing body of the school corporation rescinds a resolution adopted
 41 under subsection (d) and returns to a school year budget year **for the**
 42 **school corporation's annual budget or biennial budget,** the school

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corporation's initial school year budget year begins on July 1 following the adoption of the rescinding resolution and ends on June 30 of the following year. The first six (6) months of the initial school year budget for the school corporation must be consistent with the last six (6) months of the last calendar year budget fixed by the department of local government finance before the adoption of a rescinding resolution under this subsection.

SECTION 7. IC 6-1.1-17-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 6. (a) The county board of tax adjustment shall review the budget, tax rate, and tax levy of each political subdivision filed with the county auditor under section 5 or 5.6 of this chapter. The board shall revise or reduce, but not increase, any budget, tax rate, or tax levy in order:

(1) to limit the tax rate to the maximum amount permitted under IC 6-1.1-18; and

(2) to limit the budget to the amount of revenue to be available for the political subdivision in the: ~~ensuing~~

(A) budget year; or

(B) budget years;

~~for the political subdivision:~~ **which the budget applies.**

(b) The county board of tax adjustment shall make a revision or reduction in a political subdivision's budget only with respect to the total amounts budgeted for each office or department within each of the major budget classifications prescribed by the state board of accounts.

(c) When the county board of tax adjustment makes a revision or reduction in a budget, tax rate, or tax levy, it shall file with the county auditor a written order which indicates the action taken. If the board reduces the budget, it shall also indicate the reason for the reduction in the order. The chairman of the county board shall sign the order.

SECTION 8. IC 6-1.1-17-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 8. (a) If the county board of tax adjustment determines that the maximum aggregate tax rate permitted within a political subdivision under IC 6-1.1-18 is inadequate, the county board shall, subject to the limitations prescribed in IC 6-1.1-19-2, file its written recommendations in duplicate with the county auditor. The board shall include with its recommendations:

(1) an analysis of the aggregate tax rate within the political subdivision;

(2) a recommended breakdown of the aggregate tax rate among the political subdivisions whose tax rates compose the aggregate tax rate within the political subdivision; and

(3) any other information which the county board considers

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relevant to the matter.

(b) The county auditor shall forward one (1) copy of the county board's recommendations to the department of local government finance and shall retain the other copy in the county auditor's office. The department of local government finance shall, in the manner prescribed in section 16 of this chapter, review the budgets, tax rates, and tax levies of the political subdivisions described in subsection (a)(2).

(c) If the fiscal body determines under section 5 of this chapter during the first year of a biennial budget not to change the budget for the second year of the biennial budget, the budget for that second year is not subject to review by the department of local government finance under this section.

SECTION 9. IC 6-1.1-17-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 10. (a) **Subject to subsection (b)**, when the aggregate tax rate within a political subdivision, as approved or modified by the county board of tax adjustment, exceeds the maximum aggregate tax rate prescribed in IC 6-1.1-18-3(a), the county auditor shall certify the budgets, tax rates, and tax levies of the political subdivisions whose tax rates compose the aggregate tax rate within the political subdivision, as approved or modified by the county board, to the department of local government finance for final review. For purposes of this section, the maximum aggregate tax rate limit exceptions provided in IC 6-1.1-18-3(b) do not apply.

(b) If the fiscal body determines under section 5 of this chapter not to change the budget for the second year of a biennial budget, the budget for that second year is not subject to review by the department of local government finance under this section.

SECTION 10. IC 6-1.1-17-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 13. (a) Except as provided in subsection (b), ten (10) or more taxpayers may initiate an appeal from the county board of tax adjustment's action on a political subdivision's budget by filing a statement of their objections with the county auditor. The statement must be filed not later than ten (10) days after the publication of the notice required by section 12 of this chapter. The statement shall specifically identify the provisions of the budget and tax levy to which the taxpayers object. The county auditor shall forward the statement, with the budget, to the department of local government finance.

(b) This subsection applies to provisions of the budget and tax levy of a political subdivision:

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(1) against which an objection petition was filed under section ~~5(b)~~ **5(d)** of this chapter; and

(2) that were not changed by the fiscal body of the political subdivision after hearing the objections.

A group of ten (10) or more taxpayers may not initiate an appeal under subsection (a) against provisions of the budget and tax levy if less than seventy-five percent (75%) of the objecting taxpayers with respect to the objection petition filed under section ~~5(b)~~ **5(d)** of this chapter were objecting taxpayers with respect to the objection statement filed under subsection (a) against those provisions.

SECTION 11. IC 6-1.1-17-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 16. (a) Subject to the limitations and requirements prescribed in this section, the department of local government finance may revise, reduce, or increase a political subdivision's budget, tax rate, or tax levy which the department reviews under section 8 or 10 of this chapter.

(b) Subject to the limitations and requirements prescribed in this section, the department of local government finance may review, revise, reduce, or increase the budget, tax rate, or tax levy of any of the political subdivisions whose tax rates compose the aggregate tax rate within a political subdivision whose budget, tax rate, or tax levy is the subject of an appeal initiated under this chapter.

(c) Except as provided in subsection (j), before the department of local government finance reviews, revises, reduces, or increases a political subdivision's budget, tax rate, or tax levy under this section, the department must hold a public hearing on the budget, tax rate, and tax levy. The department of local government finance shall hold the hearing in the county in which the political subdivision is located. The department of local government finance may consider the budgets, tax rates, and tax levies of several political subdivisions at the same public hearing. At least five (5) days before the date fixed for a public hearing, the department of local government finance shall give notice of the time and place of the hearing and of the budgets, levies, and tax rates to be considered at the hearing. The department of local government finance shall publish the notice in two (2) newspapers of general circulation published in the county. However, if only one (1) newspaper of general circulation is published in the county, the department of local government finance shall publish the notice in that newspaper.

(d) Except as provided in subsection (i), IC 6-1.1-19, or IC 6-1.1-18.5, the department of local government finance may not increase a political subdivision's budget, tax rate, or tax levy to an

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amount which exceeds the amount originally fixed by the political subdivision. The department of local government finance shall give the political subdivision written notification specifying any revision, reduction, or increase the department proposes in a political subdivision's tax levy or tax rate. The political subdivision has one (1) week from the date the political subdivision receives the notice to provide a written response to the department of local government finance's Indianapolis office specifying how to make the required reductions in the amount budgeted for each office or department. The department of local government finance shall make reductions as specified in the political subdivision's response if the response is provided as required by this subsection and sufficiently specifies all necessary reductions. The department of local government finance may make a revision, a reduction, or an increase in a political subdivision's budget only in the total amounts budgeted for each office or department within each of the major budget classifications prescribed by the state board of accounts.

(e) The department of local government finance may not approve a levy for lease payments by a city, town, county, library, or school corporation if the lease payments are payable to a building corporation for use by the building corporation for debt service on bonds and if:

- (1) no bonds of the building corporation are outstanding; or
- (2) the building corporation has enough legally available funds on hand to redeem all outstanding bonds payable from the particular lease rental levy requested.

(f) The department of local government finance shall certify its action to:

- (1) the county auditor; and
- (2) the political subdivision if the department acts pursuant to an appeal initiated by the political subdivision.

(g) The following may petition for judicial review of the final determination of the department of local government finance under subsection (f):

- (1) If the department acts under an appeal initiated by a political subdivision, the political subdivision.
- (2) If the department acts under an appeal initiated by taxpayers under section 13 of this chapter, a taxpayer who signed the petition under that section.
- (3) If the department acts under an appeal initiated by the county auditor under section 14 of this chapter, the county auditor.

The petition must be filed in the tax court not more than forty-five (45) days after the department certifies its action under subsection (f).

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(h) The department of local government finance is expressly directed to complete the duties assigned to it under this section not later than February 15th of each year for taxes to be collected during that year.

(i) Subject to the provisions of all applicable statutes, the department of local government finance may increase a political subdivision's tax levy to an amount that exceeds the amount originally fixed by the political subdivision if the increase is:

(1) requested in writing by the officers of the political subdivision;

(2) either:

(A) based on information first obtained by the political subdivision after the public hearing under section 3 of this chapter; or

(B) results from an inadvertent mathematical error made in determining the levy; and

(3) published by the political subdivision according to a notice provided by the department.

(j) The department of local government finance shall ~~annually review the budget of each school corporation~~ not later than April 1 of **each year review the budget of each school corporation that proposes an annual budget for the ensuing budget year.** The department of local government finance shall give the school corporation written notification specifying any revision, reduction, or increase the department proposes in the school corporation's budget. A public hearing is not required in connection with this review of the budget.

SECTION 12. IC 6-1.1-17-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 20. (a) This section applies:

(1) to each governing body of a taxing unit that is not comprised of a majority of officials who are elected to serve on the governing body; and

(2) if the proposed property tax levy for the taxing unit for the ensuing calendar year is more than five percent (5%) greater than the property tax levy for the taxing unit for the current calendar year.

(b) As used in this section, "taxing unit" has the meaning set forth in IC 6-1.1-1-21, except that the term does not include a school corporation.

(c) If:

(1) the assessed valuation of a taxing unit is entirely contained

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1 within a city or town; or

2 (2) the assessed valuation of a taxing unit is not entirely contained
3 within a city or town but the taxing unit was originally established
4 by the city or town;

5 the governing body shall submit its proposed budget and property tax
6 levy to the city or town fiscal body. The proposed budget and levy shall
7 be submitted at least fourteen (14) days before the city or town fiscal
8 body is required to hold budget approval hearings under this chapter.

9 (d) If subsection (c) does not apply, the governing body of the taxing
10 unit shall submit its proposed budget and property tax levy to the
11 county fiscal body in the county where the taxing unit has the most
12 assessed valuation. The proposed budget and levy shall be submitted
13 at least fourteen (14) days before the county fiscal body is required to
14 hold budget approval hearings under this chapter.

15 (e) **Subject to subsection (f)**, the fiscal body of the city, town, or
16 county (whichever applies):

17 (1) shall review each budget and proposed tax levy and adopt a
18 final budget and tax levy for the taxing unit; ~~The fiscal body and~~

19 (2) may reduce or modify but not increase the proposed budget or
20 tax levy.

21 **(f) If the governing body determines under section 5 of this**
22 **chapter not to change the budget for the second year of a biennial**
23 **budget, the budget for that second year is not subject to review or**
24 **other action by the fiscal body under this section.**

25 SECTION 13. IC 6-1.1-18-8 IS AMENDED TO READ AS
26 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 8. (a) Except as
27 provided in subsections (b) and (c) of this section, a political
28 subdivision may not expend any funds which it has received from the
29 state and which it is required to include in its budget estimate under
30 IC ~~1971~~, 6-1.1-17-2 unless:

31 (1) the funds have been included in a budget estimate by the
32 political subdivision; and

33 (2) the funds have been appropriated by the proper officers of the
34 political subdivision in the amounts and for the specific purposes
35 for which they may be used.

36 (b) The county council shall appropriate funds for the operation of
37 the county highway department for the entire ensuing budget year **or**
38 **biennium** for which annual appropriations are being made. The
39 appropriation shall be for an amount which is not less than the greater
40 of:

41 (1) seventy-five percent (75%) of the total estimated to be in the
42 highway fund in the ensuing budget year **or biennium**; or

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(2) ninety-nine percent (99%) of the total estimated to be in the highway fund in the ensuing budget year **or biennium** if the county commissioners file with the county council a four (4) year plan for the construction and improvement of county highways and a one (1) year plan for the maintenance and repair of the county highways.

(c) In the event of a casualty, accident, or extraordinary emergency, the proper officers of a political subdivision may use state funds to make an additional appropriation under section 5 of this chapter.

SECTION 14. IC 6-1.1-18.5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. As used in this chapter:

"Ad valorem property tax levy for an ensuing calendar year" means the total property taxes imposed by a civil taxing unit for current property taxes collectible in that ensuing calendar year.

"Adopting county" means any county in which the county adjusted gross income tax is in effect.

"Civil taxing unit" means any taxing unit except a school corporation.

"Maximum permissible ad valorem property tax levy for the preceding calendar year" means the civil taxing unit's ad valorem property tax levy for the calendar year immediately preceding the ensuing calendar year, as that levy was determined by the department of local government finance in fixing the civil taxing unit's budget, levy, and rate for that preceding calendar year under IC 6-1.1-17, and after eliminating the effects of temporary excessive levy appeals and temporary adjustments made to the working maximum levy for the calendar year immediately preceding the ensuing calendar year, as determined by the department of local government finance.

"Taxable property" means all tangible property that is subject to the tax imposed by this article and is not exempt from the tax under IC 6-1.1-10 or any other law. For purposes of ~~sections 2 and section 3~~ of this chapter, the term "taxable property" is further defined in section 6 of this chapter.

"Unadjusted assessed value" means the assessed value of a civil taxing unit as determined by local assessing officials and the department of local government finance in a particular calendar year before the application of an annual adjustment under IC 6-1.1-4-4.5 for that particular calendar year or any calendar year since the last general reassessment preceding the particular calendar year.

SECTION 15. IC 6-1.1-18.5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. (a) As used in this

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section, "Indiana nonfarm personal income" means the estimate of total nonfarm personal income for Indiana in a calendar year as computed by the federal Bureau of Economic Analysis using any actual data for the calendar year and any estimated data determined appropriate by the federal Bureau of Economic Analysis.

(b) For purposes of determining a civil taxing unit's maximum permissible ad valorem property tax levy for an ensuing calendar year, the civil taxing unit shall use the assessed value growth quotient determined in the last STEP of the following STEPS:

STEP ONE: For each of the six (6) calendar years immediately preceding ~~the an ensuing calendar year in for~~ which a budget is adopted under IC 6-1.1-17-5 ~~for the ensuing calendar year;~~ **applies**, divide the Indiana nonfarm personal income for the calendar year by the Indiana nonfarm personal income for the calendar year immediately preceding that calendar year, rounding to the nearest one-thousandth (0.001).

STEP TWO: Determine the sum of the STEP ONE results.

STEP THREE: Divide the STEP TWO result by six (6), rounding to the nearest one-thousandth (0.001).

STEP FOUR: Determine the lesser of the following:

(A) The STEP THREE quotient.

(B) One and six-hundredths (1.06).

SECTION 16. IC 6-1.1-18.5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 6. ~~(a) For purposes of STEP TWO of section 2(a) of this chapter and STEP TWO of section 2(b) of this chapter; the civil taxing unit's taxable property includes all taxable property located in the geographic area subject to the civil taxing unit's ad valorem property tax levy for the ensuing calendar year; regardless of whether that property was located in the geographic area subject to the civil taxing unit's ad valorem property tax levy in the calendar years for which the computation is made:~~

~~(b) For purposes of STEP TWO of section 2(a) of this chapter, STEP THREE of section 3(a) of this chapter and STEP THREE of section 3(b) of this chapter, the assessed value of taxable property is the assessed value of that property as determined by the department of local government finance in fixing the civil taxing unit's budget, levy, and rate for the applicable calendar year, excluding deductions allowed under IC 6-1.1-12 or IC 6-1.1-12.1.~~

SECTION 17. IC 6-1.1-18.5-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 7. (a) A civil taxing unit is not subject to the levy limits imposed by section 3 of this chapter for an ensuing calendar year if the civil taxing unit did not adopt an ad

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1 valorem property tax levy for the immediately preceding calendar year.

2 (b) If under subsection (a) a civil taxing unit is not subject to the
3 levy limits imposed under section 3 of this chapter for a calendar year,
4 the civil taxing unit shall refer its proposed **annual budget or biennial**
5 **budget**, ad valorem property tax levy, and property tax rate ~~for~~ that
6 **apply for that** calendar year to the local government tax control board
7 established by section 11 of this chapter before the tax levy is
8 advertised. The local government tax control board shall then review
9 and make a recommendation to the department of local government
10 finance on the civil taxing unit's budget, ad valorem property tax levy,
11 and property tax rate **that apply** for that calendar year. The department
12 of local government finance shall make a final determination of the
13 civil taxing unit's budget, ad valorem property tax levy, and property
14 tax rate **that apply** for that calendar year. However, a civil taxing unit
15 may not impose a property tax levy for a year if the unit did not exist
16 as of March 1 of the preceding year.

17 SECTION 18. [EFFECTIVE JULY 1, 2005] (a) **The legislative**
18 **services agency shall prepare legislation for introduction in the**
19 **2006 regular session of the general assembly to organize and**
20 **correct statutes affected by this act.**

21 (b) **This SECTION expires December 31, 2007.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Local Government, to which was referred House Bill 1629, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

HINKLE, Chair

Committee Vote: yeas 11, nays 0.

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